



**CITIZEN'S REVENUE REVIEW AND
ECONOMIC COMPETITIVENESS COMMISSION**

**MEETING MINUTES FOR
THURSDAY, MAY 13, 2010, AT 5:30 P.M.
COUNCIL CHAMBERS (12TH FLOOR),
202 C STREET, SAN DIEGO, CALIFORNIA**

The meeting was called to order at 5:35 PM by Chair Bob Nelson.

Commissioners Present: Barros, Standifird, Morton, Nelson, Bonanno

Commissioners Absent: Bonanno, Gin, Moser

NON-AGENDA PUBLIC COMMENT: None.

COMMISSION COMMENTS: None.

**COUNCILMEMBER, CITY ATTORNEY, IBA, CITY AUDITOR AND MAYORAL STAFF
COMMENT:** None.

ADOPTION AGENDA: Action not required.

INFORMATION/DISCUSSION ITEMS:

ITEM-1: Commission Discussion on Community Meetings

- Commissioner Barros indicated he forwarded dates for District 4.
- Commissioner Bonanno firmly believes the Commission needs to take its meetings out into the community as soon as possible.

ITEM-2 Commission Discussion on the City's Economic Development Strategy

ITEM-3 Commission Discussion on Revenue Review

- Chairman Nelson indicated that to date, only Commissioner Bonanno has responded via email regarding possible revenue review priorities.
- Chairman Nelson encouraged commissioners to first look hard at user-oriented fees, rather than across the board taxes.
- Chairman Nelson's top choices: 1) parking fees (both meters and tax on lots); 2) Business licenses (tax/fee); 3) sales tax; 4) refuse collection/disposal; 5) storm water
- Commissioner Barros's top choices: 1) parking; 2) refuse; 3) storm water; 4) emergency response fee; 5) utility users.
- Commissioner Standifird's choices: options mentioned by other commissioners,

with emphasis on responder fee and marketing sponsorship options.

ITEM-4 Presentation from the Small Business Advisory Board on Economic Competitiveness

- Brief Presentation from Chairman Dr. Reuben Garcia. Board's recommendations included:
- Implement a Business Tax Amnesty program which would waive all late fees, penalties and interest from July 2009 to December 2009, for businesses complying with the City's business tax certificate requirements
- Review the Historic Review process to create a more expedited process for specific projects that do not change the historic character of a building.

ITEM-5 Presentation and discussion on strategies for San Diego Economic Competitiveness

- Presentation made primarily by Andrew Poat and Craig Benedetto – also present: Matt Adams, Namara Mercer, Joe Terzi, Mike McDowell, Faith Picking.
- Develop long-term infrastructure funding strategy by 2012, review ad hoc fees that have grown in place of long-term revenue strategies, implement CCDC model in other areas, better coordinate permit review process, reduce number of reviewers/reviews per project, and expand self-certification for project review.
- Craig Benedetto asked that the Commission consider recommending back-loading hook-up fees/linkage fees rather than paying them upfront – and using a fee differential program.
- Presenters indicated that when businesses are operating at small margins, deferment of fees can make or break a financing scheme.
- Commissioner Barros indicated that he did not hear about recommendations for District 4/8 areas or SEDC. Presenters indicated that the City take the efficiencies of the CCDC approach for other areas – that is, a separate stand-alone project review agency, where once defined requirements are met, the project moves forward.
- Andrew Poat indicated that one of the biggest problems is that most of the City's plans are horribly out of date and nobody knows what the City's development expectations are.
- Matt Adams indicated that CCDC is a model for development.
- Craig Benedetto indicated that development policies and procedures are ultimately a decision about whether the City wants to create jobs.
- Commissioner Bonanno asked about impediments to proposed Westfield Corporation UTC development. Andrew Poat indicated that 900 million

investments are rare – that is not the normal developer. He analogized the current development process to a person buying a home and then not being able to live in it for 2-3 years, versus buying a home somewhere else and being able to move-in in 3 months.

ITEM-6 Presentation from San Diego Lodging Association: Keeping San Diego Tourism Competitive

- Presented by Mike McDowell, Executive Director, San Diego Lodging Industry Association.
- Tourism is the 3rd largest regional economic sector, represents 11% of total civilian employment.
- On average, 85,000 visitors to San Diego daily, spending \$20 million, \$7.9 billion in direct economic impact.
- Tourism – hotel rooms, attractions, restaurants -- is a finite commodity that spoils and replenishes daily.
- From 1965-2009, \$2 billion in TOT has been collected.
- Encourage growing the tax revenue through expansion of the base – not increasing the tax rate.
- The TMD is a success – self assessment of 2% of 183 San Diego hotels, raises \$22-28 million per year. The creation of TMD relived the City of San Diego of \$10.5 million annually in special promotion program obligations
- San Diego's effective TOT rate is 12.5% compared to 13.5% average rate of competitors – this keeps San Diego competitive.
- Recommendations: 1) no change to TOT rate; 2) support extension of TMD; 3) support convention center expansion; 4) reduce regulatory hurdles; 5) support reduction in local capital infrastructure backlog; 6) support expansion of regional transportation infrastructure (why doesn't the trolley have service to the airport?); 7) pray for sunshine
- Commissioner Bonanno asked for clarification regarding the TMD – why have a TMD instead of a trade organization? McDowell responded that the primary purpose/benefit of mandatory TMD assessment vs. a voluntary association fee is that it compels payment. In today's economy, there is no realistic way we would raise \$20 million voluntarily. He also noted that the TMD pays \$300,000 to the City for administrative management costs to get \$20-million+ in new City revenue for tourism promotion. Commissioner Standifird commented that the

\$300,000 to \$20,000,000 million ratio seems terrific.

- Commissioner Barros asked about how the decision to impose TMD on hotels of 70+ rooms was decided. McDowell answered that this is typically the threshold at which hotels have a meeting space within the hotel, which tends to differentiate casual leisure travel from corporate and group travel.
- Commissioner Morton asked about the potential affect of raising the TOT by 1% -- McDowell estimated a 5% attrition rate.

STANDING ITEMS/UPDATES:

ITEM-7 Public Input (Citizen's Survey)

ITEM-8 Revenue Audit

ITEM-9 Audit Review

ACTION ITEMS: None.

Bob Nelson
Chair